

**BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

**September 23, 1999**

**IN RE:**

**APPLICATION TO ENTER INTO A CREDIT  
FACILITY AGREEMENT AND FOR THE ISSUANCE  
OF SENIOR AND SUBORDINATED NOTES BY  
INTERMEDIA COMMUNICATIONS, INC.**

**DOCKET NO. 98-00908**

---

**ORDER GRANTING CREDIT FACILITY AGREEMENT AND  
THE ISSUANCE OF SENIOR AND SUBORDINATED NOTES**

---

This matter came before the Tennessee Regulatory Authority ("Authority") for consideration pursuant to the Application filed by Intermedia Communications, Inc. ("ICI") in the above-captioned matter. The Directors of the Authority considered this matter at a regularly scheduled Authority Conference held on February 2, 1999. Upon consideration of the Application, the Directors made the following findings of fact and conclusions of law:

1. On December 31, 1998, ICI filed with the Authority, pursuant to Tenn. Code Ann. § 65-4-109, its Application to Enter Into A Credit Facility Agreement And For The Issuance Of Senior And Subordinated Notes. ICI expects to be able to borrow up to \$350 million on a secured basis. ICI also seeks approval for the issuance of up to \$350 million in Senior Notes and up to \$350 million in Subordinated Notes.

2. ICI is a publicly held Delaware corporation with principal offices in Tampa, Florida. ICI is authorized to provide intrastate toll service in 50 states and to provide competitive local exchange service in 37 states, including Tennessee in both cases.

3. ICI expects the term of the Credit Facility to be five years from the closing date with an interest rate to be selected periodically by ICI from two options:

**FILE**

A) the greater of the federal funds rate plus 0.5% or the NationsBank prime rate plus and applicable margin ranging from 0.25% to 1.75%; or

B) LIBOR plus and applicable margin ranging from 1.5% to 3.0%.

4. The Credit Facility is expected to be guaranteed by ICI's subsidiaries, and secured by the assets of ICI and its subsidiaries as well as a pledge of the stock of the subsidiaries. Proceeds from the Credit Facility likely will be available in two portions. The first portion, in the amount of \$75 million, for working capital and the remaining portion for the acquisition of telecommunications assets.

5. The proposed Senior Notes are expected to have a term of ten years and carry an interest rate between 8.5% and 10%. The proposed Subordinated Notes will be subordinate to existing and future senior notes, carrying an interest rate between 10% and 11.5%. The proceeds of the Senior Notes will be used for the acquisition of telecommunications assets, while the proceeds from the Subordinated Notes are unrestricted and may be used for general corporate purposes.

6. The Authority, in approving this proposed debt issuance, must do so in accordance with the provisions of Tenn. Code Ann. § 65-4-109. This Section requires the Authority to determine that the use of purpose of the arrangement is proper and that the arrangement is in compliance with all applicable laws.

7. ICI states in its Application that "these proposed financial transactions would provide ICI with the additional financial resources needed to introduce new products and services and respond to the highly competitive telecommunications environment."<sup>1</sup>

8. In a Verifications dated December 22, 1998, Ms. Patricia A. Kurlin, Vice President and General Counsel for ICI, states that ICI "will comply with all applicable laws with respect to its issuance of securities." Based on this representation that the proposed debt issuance will comply with all applicable law, it appears the proposed debt issuance is in compliance with the applicable laws for the purposes of Tenn. Code Ann. § 65-4-109.

---

<sup>1</sup> See Application, p.4.

**IT IS THEREFORE ORDERED THAT:**


1. Intermedia Communications, Inc. is hereby authorized to enter into a credit facility agreement for the issuance of Senior and Subordinated Notes for those corporate purposes as enumerated in its Application.

2. The authorization and approval given hereby should not be used by any party, including, but not limited to, any lending party, for the purpose of inferring an analysis or assessment of the risk involved to a purchaser of any Intermedia Communications, Inc. securities. Nothing contained herein creates or is intended to create any liability on the part of the Tennessee Regulatory Authority, the State of Tennessee, or any political subdivision thereof for the transaction approved herein.

3. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within ten (10) days from and after the date of this Order.

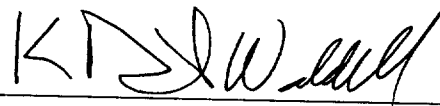
4. Any party aggrieved by the Authority's decision in this matter may file a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from and after the date of this Order.

  
Melvin J. Malone, Chairman

  
H. Lynn Greer, Jr., Director

  
Sara Kyle, Director

ATTEST:

  
K. David Waddell, Executive Secretary